

REGIONAL SERIOUS AND ORGANIZED CRIME THREAT ASSESSMENT



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The views herein expressed are solely those of the authors and contributors and do not necessarily reflect the official position of the OSCE Mission to Serbia.

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MINISTERS' LETTER

The Regional Serious and Organized Crime Threat Assessment is another confirmation of the joint commitment of Serbia, Montenegro and Macedonia to the European policy aimed at combatting these types of crime which, together with terrorism, represent the biggest security challenge today. The complex and increasingly interconnected types of organized and serious crime that we are facing today are among the biggest threats to prosperity, rule of law, development of the modern society and overall regional stability.

The first task in the fight against complex and specific types of crime is to understand their specific features, manifestations, scopes and effects and, consequently, to assess the realistic dangers that might await us in the future.

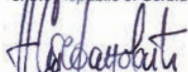
The Threat Assessment is dedicated to the fulfillment of this initial step in the fight against all types of organized crime, for the first time at the regional level, which places it among the documents of exceptional strategic importance. It is a joint response and, at the same time, an unequivocal message that we want a safe region that would ensure the prosperity of all its citizens, along with a full commitment to the resolution of key issues in the fight against the most serious types of threats to the national, regional and international security.

The key to an effective fight against organized crime, which is a common strategic priority and interest of all three countries, is reflected in the establishment of the strongest possible regional connections. Therefore, this document is an expression of exceptional responsibility and an indicator of our strong intention and unequivocal commitment to investing in a safer future. We are aware of the fact that the strengthening of mutual trust and cooperation makes it possible to efficiently oppose those security challenges and dangers at the regional level and that the extent to which we will achieve it represents the best proof of our ability and readiness to make the security climate as favorable as possible and, therefore, also to make the progress within the EU integration process as speedy and as realistic as possible.

The regional Threat Assessment has been made within the regional project aimed at enhancing capacities for strategic analysis and strategic assessments in the Serbian, Montenegrin and Macedonian Ministries of Interior, implemented by the OSCE Mission to Serbia to which we express our special gratitude. We also owe gratitude to our international partners – the Swiss government, which financed the project, DCAF, which administers the Swiss government program, as well as to Europol which provided its expertise in the drafting of the document. We congratulate the members of the expert teams of Serbia, Montenegro and Macedonia for their efforts and great professionalism.

Finally, once again, we would like to stress our sincere intention and wish that this strategic document serve as a basis for the adoption of relevant strategic and operative decisions and provide a strong impetus and support to the cooperation of national law enforcement authorities in the fight against organized crime.

Deputy Prime Minister and
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of the Republic of Serbia



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INTRODUCTION

The Regional Serious and Organized Crime Threat Assessment (SOCTA) provides a comprehensive overview of the current situation and trends, consequences of these types of crime and early warnings about the new trends and threats in the region in order to facilitate the prevention of and suppression of these criminal phenomena.

The specific objectives of the Regional Serious and Organized Crime Threat Assessment are to present the current situation in the territories of Serbia, Montenegro and Macedonia, indicate the biggest threats in this part of the region, determine factors that affect these phenomena, identify the common features in the operation of criminal groups, and assess the development of future threats, which may serve as a basis for the adoption of decisions on the joint regional fight against serious and organized crime.

One of the main factors favoring the presence and development of serious and organized crime in the Western Balkans is the region's geographic position on the crossroads between Europe and the Middle and Far East. As a result, the transnational aspect of organized crime in the region is very developed. The Western Balkans may be observed mostly as a transit region, but also as the region of origin and final destination of organized crime.

The central geostrategic position of Serbia, Montenegro and Macedonia in the Western Balkan region has crucial influence on organized crime, as does the fact that the countries are situated on the external borders of the Schengen zone and are partly surrounded by EU member-states. Other significant factors are a long process of transition and socio-economic recovery, and the legacy of circumstances that prevailed during the conflicts in the territory of the former Yugoslavia, which resulted in the development of certain types of organized crime and reinforcement of their connections in the Balkans.

In this region, organized crime constantly develops new manifestations and adjusts to new social conditions and circumstances. Certain types of organized crime are becoming increasingly complex as a result of greater regional and international linking between and among organized crime groups, and they are becoming more and more characterized by a heterogeneous structure and high level of flexibility.

Serious and organized crime investigations are very complex and represent one of the biggest challenges for law enforcement. This imposes the need for the establishment of an even stronger regional cooperation, which is gaining priority particularly in the light of future accession to the European Union, as well as the need to get closer to the established European standards and practice, which is the purpose of this document.

The Regional Threat Assessment has been drafted during the implementation of a regional project implemented within the regional Swiss government police cooperation project in the Western Balkans, whose promotion and implementation is in the charge of the Geneva Centre for the Democratic Control of Armed Forces (DCAF), together with the OSCE Mission to Serbia, which directly implements the project.

METHODOLOGY

The Regional Serious and Organized Crime Threat Assessment (SOCTA) has been developed jointly by expert teams of the Ministries of Internal Affairs of Serbia, Montenegro and Macedonia, with the support and professional assistance of Europol experts.

The SOCTA is based on data collected during the drafting of national threat assessments, and obtained from the internal (operative data and intelligence, criminal reports, Interior Ministry databases, etc.) and external sources (judicial and other state authorities, governmental and civil society organizations, scientific and research institutions, private sector and open sources and media).

The period between January 1, 2013 and March 31, 2015 was observed during the drafting.¹

Before the actual work began, the activity plan was made, the pace was determined and the methodology of the Regional SOCTA drafting was adopted. The process itself included the following phases: the preparation, collection and unification of data; data analysis and drafting of the document; and, finally, the assessment of future threats and developments in the field of serious and organized crime.

The Regional Threat Assessment includes the areas of serious and organized crime which are common for at least two of the three participating countries. When the topics were defined, the analysis included particularly the experience of operative lines of work in the relevant crime areas; statistics on the level, presence and extent of criminal phenomena; level of organization of perpetrators; potential dangers and consequences for the internal security of the participating countries; priorities from strategic documents; data and reports of other state authorities and organizations, scientific and research institutions, as well as civil society organizations and the private sector. The experiences and assessments of international institutions and bodies (UN, EUROPOL, INTERPOL, SELEC, FRONTEX, etc.) have also been taken into account.

For the purpose of this Assessment, the term “region” refers to Serbia, Montenegro and Macedonia.

The Regional SOCTA has been made and published in the languages of the participating countries and in the English language. The document is of informative character and only the public version of the document has been made.

1 During the drafting of the document, certain circumstances (such as the issue of irregular migration) appeared and significantly affected the course and development of particular phenomena, so a longer period of time was observed.

MAIN CONCLUSIONS

The production and smuggling of drugs in Serbia, Montenegro and Macedonia represents the most dominant and the most profitable type of organized crime, in which the largest number of organized crime groups (OCGs) are involved. As regards drug smuggling, Serbia, Montenegro and Macedonia are transit countries. Certain quantities remain in their territories for the purpose of consumption or storage, and marijuana and synthetic drugs are illegally produced for the needs of the local market. The drug market is dynamic, as a result of the fact that most of the routes used by the OCGs are also used for the smuggling of other types of products (excise goods, cigarettes, etc.).

Balkan OCGs participate in the smuggling of *cocaine* from South America. The identified trend will continue to grow, while the methods of smuggling will constantly change and involve sophisticated methods of concealment and the use of modern information technologies in communication. Since the illegal cocaine market in Serbia, Montenegro and Macedonia is small, and the sales price is high, OCGs will continue with their criminal activities outside the three countries' territories.

Illicit *marijuana* trafficking had been on the rise until the production in Albania reduced, which resulted in an increase of prices and number of illegal laboratories for the production of marijuana under natural conditions and modified marijuana, skunk, under artificial conditions. Serbia, Montenegro and Macedonia will remain the countries of transit for smugglers taking marijuana along the Balkan route to Central Europe.

The intensity of *heroin* smuggling and quantities smuggled through the Central Balkan route to Western Europe is on the decline. Maritime routes will be used in future because of a lower risk from detection and possibility for smuggling larger quantities. OCGs from Serbia, Montenegro and Macedonia will focus on more frequent smuggling of smaller quantities of heroin to South-Eastern Europe.

The production of *synthetic drugs and precursors* in illegal laboratories is on the rise. Our assessment is that an increasing danger on the illegal markets of Serbia, Montenegro and Macedonia will be the production of synthetic drugs and precursors in the improvised, so-called kitchen laboratories, which will result in lower prices and greater availability.

The smuggling of irregular migrants as a criminal activity is still topical, and the intensity of smuggling changes mostly as a result of political decisions and measures undertaken in the countries of the region and the EU. Countries of the region are facing a greater pressure of secondary transit irregular migration as a result of a change in migration routes

resulting from the political and socioeconomic situation in the migrants' countries of origin (Middle East and North Africa), which represents the main driving force of irregular migration. Due to their geographic positions, Macedonia and Serbia are more intensively used as transit routes for the secondary movement of irregular migrants within the so-called Western Balkan route, while Montenegro has still not been affected by this problem to any major extent.

The number of detected cases of **human trafficking**, as well as the number of identified and potential victims in Macedonia, Serbia and Montenegro indicate that the issue of human trafficking is on the decline and there are no indications of any greater level of organization. With regard to potential trafficking, children, teenagers and members of the Roma population represent the riskiest categories.

Offenses against property represent a serious threat because of their number, which is large, value of material damage or proceeds of crime, and violence used in the commission of some forms of these crimes.

Offenses against property are committed by individuals and criminal groups. Despite being less organized, OCGs in Serbia and Macedonia are mostly mobile and have logistic support in the territory of commission. Members of these groups also commit other crimes, in addition to offenses against property.

Economic crimes in the countries of the region are mostly the smuggling of excise goods, primarily cigarettes, and tax-related offenses. These criminal activities are mostly committed by temporarily associated individuals.

The development and greater use of the Internet and electronic payments plays a big part in the development of **cybercrime**. Compromised data on payment card owners are most frequently exchanged at Internet forums.

The perpetrators and OCGs from Macedonia and Serbia, who are involved in **payment card offenses**, are moving their activities abroad at an increasing rate.

Online frauds represent a serious threat to small and medium-sized companies that use the Internet in their business operation. Great accessibility and use of social media by children and teenagers represents a big risk and results in an increase in the number of victims of sexual exploitation.

Some OCGs in the region are restructuring, and small, mutually opposed groups, which continue with criminal activities, are being established as a result. This restructuring represents both a cause and a threat that most frequently results in the intensification of existing conflicts.

CRIME AREAS

1. DRUGS

Organized drug trafficking and smuggling are the most prevalent forms of organized criminal activity in Serbia, Montenegro and Macedonia. Drugs trafficked and smuggled by OCGs are cocaine, heroin, marijuana and synthetic drugs.

As regards the territories and geographic areas in which OCGs from Serbia, Montenegro and Macedonia are operating, the subject-matter of the analysis are the:

- Smuggling and distribution of drugs for the purpose of trafficking in Serbia, Montenegro and Macedonia;
- Participation of organized crime groups from Serbia, Montenegro and Macedonia in the smuggling of drugs via the Balkan route to Western Europe;
- Participation of organized crime groups from Serbia, Montenegro and Macedonia in the smuggling of drugs from South America and South-East Asia.

Over the past two decades, the Western Balkan countries have been facing major security issues, including the smuggling and trafficking of drugs, which remain among the most dangerous and most profitable types of organized crime. One of the reasons for this is a constant demand for drugs on the Western European market, which gives an additional impetus to organized crime groups with Serbian, Montenegrin and Macedonian membership to continue or step up the intensity of criminal activities of drug smuggling and trafficking, both on the international and local markets.

Organized crime groups resort to corruption in order to place the proceeds of drug smuggling and trafficking into legal flows, thus causing damage to the financial system. On the other hand, the profitability of drug-related activities motivates new OCG members to join in.

The policy aimed at bringing down the demand and offer of drugs in Serbia, Montenegro and Macedonia has found its expression in the adoption of strategic, legal and institutional frameworks. In addition to crimes related to the production and smuggling of drugs, drug abuse directly or indirectly results in the commission of offenses against property and violent offenses.

Drug smuggling earns OCGs big profits, which increases competition and leads to conflicts that can result in murders of competing OCG members. In Serbia and Montenegro, the competition among OCGs that fight for the drug market leads to murders of Balkan organized crime group members that actively participate in the smuggling of cocaine from South America to Western Europe.

In addition to security concerns, this issue also affects social protection and health care, through greater costs of medical treatments and social care of drug addicts.

The arrest of some members of OCGs involved in the unlawful circulation of narcotics does not guarantee that their criminal activities will cease, because the OCG structure makes it possible for their imprisoned members to continue actively to coordinate and organize the production and smuggling of drugs.

Speedy technological development and implementation of modern communication and transportation technologies has created greater opportunities for better cooperation among and between OCGs and reduced the risk of their detection. The number of drug smuggling opportunities has increased. The harmonization of legal frameworks is not moving at the same speed, which represents a big obstacle in the way of cooperation and efficiency of police and judicial authorities.

The main drug smuggling routes constantly change because OCGs adapt to the activities of law enforcement authorities and use the new transport infrastructure more intensively. The trend of drug smuggling by sea and air, which is typical of cocaine and heroin, may lead to the conclusion that Serbia, Montenegro and Macedonia represent a logistic base for the organization and realization of OCG activities abroad. Drugs produced in Serbia are mostly sold on the local market (marijuana and synthetic drugs), and a small part is smuggled to other markets. Marijuana for the needs of the local market is produced in Macedonia and Montenegro.

1.1. COCAINE

The South America–Europe cocaine smuggling route is used by Balkan OCGs, whose criminal activities are focusing on the international market.

In the smuggling and trafficking of cocaine, Balkan OCGs join forces on the basis of geographic origin, criminal background, family ties and absence of language barriers in communication and collaboration.

The cocaine market in Serbia, Montenegro and Macedonia is limited as a result of high prices and low living standards, which results in a lower demand for cocaine on the local market, prompting OCGs to operate abroad.

Each individual Balkan OCG earns a profit of up to EUR 100 million per annum from the trafficking of cocaine in Western Europe. They use corruption to place the proceeds in the legal flows, causing damage to the financial systems of Serbia and Montenegro.

Global nature of the issue

The world's biggest cocaine producers are situated in South America. Bolivia, Columbia and Peru are the countries where the smuggling routes begin, continuing towards the main consumer markets in North America and Western and Central Europe².

Situation in the region

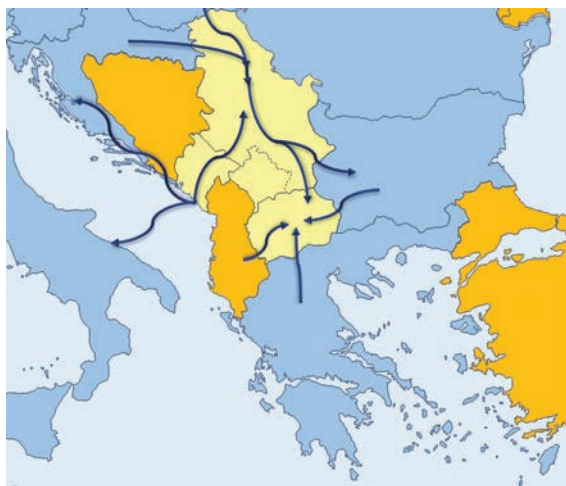
Balkan OCGs play an important role in the entire smuggling chain – from the purchase to street sale. They go to South America to establish contacts with South American drug cartels in order to purchase and transport cocaine to ocean liners, engage seafarers to transport cocaine to Europe at a fee and take over cocaine from ships in one of the Western European ports or in the open sea. After that, they monitor the activities related to the cocaine sale in the countries of final destination.

The complexity of cocaine smuggling – conditioned by the distance between the countries of origin and the main cocaine markets, the use of different transportation means, participation of a large number of OCG members and the costs of travel, stay and organization – raises the price of cocaine on the European market. For instance, a Balkan OCG which, in cooperation with other groups (providing the services of procurement, transport, entry into Europe, storage and delivery to dealers in the targeted Western European market) smuggles 500–1,000 kg of cocaine a year, may earn between EUR 15 and 30 million annually, given that the street sale price of cocaine ranges between EUR 75,000 and EUR 80,000 per kilo in Western Europe. The profit increases to EUR 70–100 million a year in cases where OCGs also take part in the street sale on the local markets in Western Europe.

Cocaine is smuggled to Serbia, Montenegro and Macedonia in smaller quantities, mainly for the local market needs – both from Western Europe, and, in individual cases, by couriers from South America. It is smuggled by airplane, in specially prepared baggage for such a purpose or in bodily cavities (swallowers are the most common example), as well as by mail shipments. The analysis of cocaine seizures shows that border crossings at airports are hotspots.

Security concerns that result from Serbian and Montenegrin citizens' membership in the OCGs involved in cocaine smuggling also result from the fact that enormous profits prompt these groups to make associations and operate. Any lack of discipline in the realization of a given task, as well as OCG detection and cocaine seizures, result in clashes between and liquidations of members of these groups in Serbia and Montenegro, as well as the countries of origin of cocaine (South America).

The most serious threat for Serbia and Montenegro, whose citizens make up Balkan OCGs, is the placing of proceeds of crime into legal economic and other flows. This profit is partly used for corrupting the main players in the laundering of proceeds from cocaine smuggling.



Picture 1: **Cocaine route**

FUTURE THREATS AND DEVELOPMENTS

The smuggling of cocaine through the South America–Europe route, with the involvement of Balkan OCGs, will continue to increase.

The OCGs involved in cocaine trafficking will use increasingly sophisticated modi operandi.

OCGs will continue to use the proceeds earned through the smuggling of cocaine for corruption, placing them into legal flows.

As a result of high price and availability of cocaine on the local market, Serbia, Montenegro and Macedonia will remain a limited market, which will make the OCGs continue with their criminal activities abroad.

1.2. HEROIN

The trend of heroin trafficking via South-Eastern Europe will continue, with the use of new modi operandi.

New modi operandi result in the changes of routes and creation of sub-routes for the smuggling of heroin.

The smuggling of heroin through South-Eastern Europe is most intensive via the Balkan route.

Heroin is smuggled with unabated intensity through the Northern and Southern Balkan routes, while the interest in the Central Balkan route has diminished, as well as in Serbia, Montenegro and Macedonia as the transit countries for heroin smuggling to Western Europe.

Global nature of the issue

The entire global production of opium in 2014 amounted to 7,554 tons, 85% of which was produced in Afghanistan.³ The production of heroin in Afghanistan has increased and the final stages of production will likely be transferred to Europe.⁴

Situation in the region

Owing to the activation of the Northern Balkan and Southern Balkan heroin smuggling routes, the Central Balkan smuggling route, which partly crosses the territories of Serbia and Macedonia, is less used.

This shift took place as a result of a more intensive use of the new transport infrastructure (in Albania, the Priština–Durres highway) and maritime ports (Albania and Greece)

The Central Balkan route is used for the smuggling of heroin from Greece and Bulgaria to Macedonia, and onward, through the territory of Kosovo*⁵, to Central Serbia, as well as from Bulgaria to Serbia, where the smuggling channels merge and continue along Corridor X towards Western Europe.

The area around Peć in Kosovo is still pivotal for the smuggling of heroin to Montenegro and onward, through northern Montenegro to the central and southern parts of the country, mostly for the local market needs. The other entry point of heroin in Montenegro is from the area of Shkoder, Albania. Heroin smuggled to Montenegro via this route is not intended only for the local market, but is also smuggled onward, towards Bosnia-Herzegovina and Croatia.

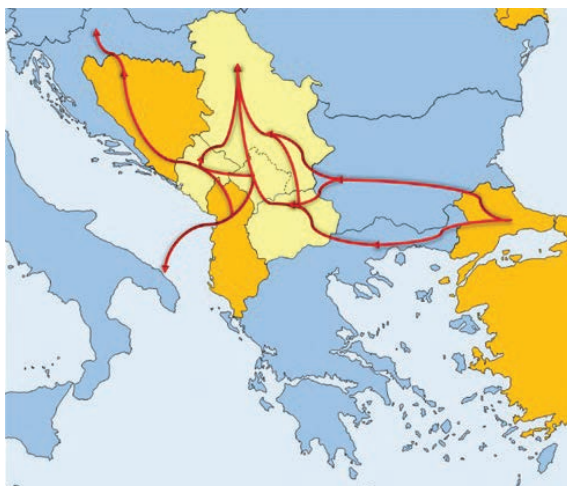
The common ethnicity is still the dominant factor of cohesion for OCGs that smuggle heroin, which has a special effect on connections with countries that are regarded as the main suppliers of heroin. These OCGs are frequently recognizable by their strict internal discipline, readiness to resort to violence and strong self-protection based on a code of silence. They use their family and friends to strengthen the OCG structure throughout the smuggling route, connecting producers in the East with the final distributors in the West. Some OCGs organize the street sale of heroin in some EU member-states and their leaders frequently recruit citizens from the region who have EU member-states' documents.

The quality and quantity of heroin seizures in Serbia and Montenegro show that most of it was intended for street sale, and that a small part was to be smuggled further, to EU member-states. Organized crime is focused on the domestic heroin market, while organized crime in Macedonia is oriented to the international market.

3 UNODC, World Drug Report, 2015.

4 EUROPOL, EU Drug Markets Report, European Monitoring Centre for Drugs and Drug Addiction, 2015.

5 *Any mention of the name Kosovo in this text, regardless of whether it refers to its territory, institutions or population should be interpreted in full accordance with the UN Security Council Resolution 1244.



Picture 2: **Heroin route**

Heroin is smuggled through Serbia, Montenegro and Macedonia in trains and road vehicles – most frequently in cars and trailer trucks carrying food and perishable goods, in order to avoid long stays at border crossings. Heroin is hidden inside the vehicles, in the specially made secret compartments.

The distribution of heroin on the local market directly or indirectly results in an increase in the number of property crimes and crimes against marriage and family, which causes major problems in the sphere of social and health policies.

FUTURE THREATS AND DEVELOPMENTS

The dislocation of routes after the construction of the transport infrastructure in the region and the trend of increase of heroin smuggling through maritime routes, will result in the reduction of the transport and smuggling of heroin through the Central Balkan route on which Serbia, Montenegro and Macedonia are situated.

OCGs from Serbia, Montenegro and Macedonia will focus their activities on the smuggling of smaller quantities of heroin, intended for the local market, with more frequent departures to South-Eastern European countries.

OCGs will continue recruiting Balkan citizens in order to strengthen the heroin distribution network on the European market.

1.3. MARIJUANA

At the global scale, marijuana seems to be the most widely present and the most easily available drug, present in sufficient quantities and sold at a low price.

Albania is the biggest marijuana producer in this part of Europe, whence the largest quantities are distributed to Greece and Italy, and smaller quantities to Montenegro, Serbia and Macedonia and onward, via the Balkan route to Central European countries.

Global nature of the issue

The countries from which marijuana most frequently arrives to the European market are Morocco and Afghanistan, and less frequently Albania, the Netherlands and Spain. The production of marijuana in Europe itself increased in the past few years, mostly through its growth in enclosed spaces.

Situation in the region

From Albania, marijuana is smuggled and distributed partly through the Adriatic Sea (using powerboats or ferries from the Albanian ports of Durres and Vlore), directly to Italy and Greece, to its destination in the UK and other countries of Western Europe.

Other routes go by land and water (the Shkoder, Ohrid and Prespa Lakes), towards the important Montenegro-Serbia-Macedonia transit point, and then to Western European countries.

One route leads through the territory of Kosovo to Central Serbia and connects to the central part of the Balkan route which leads to Western Europe. Marijuana is smuggled from Albania through the other route, through Macedonia to Greece, and then, using the maritime route also to Western Europe.

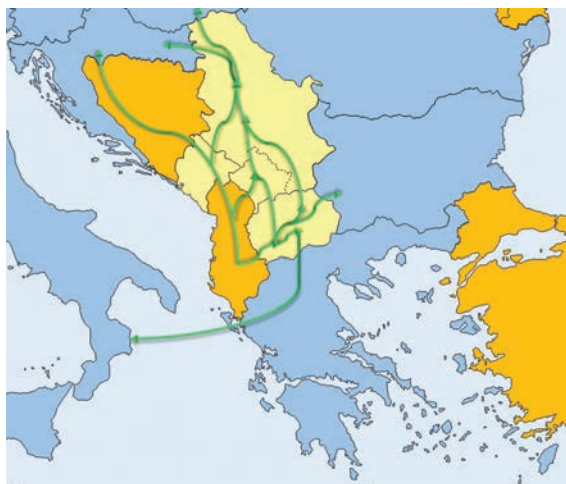
As a result of big police operations carried out in Albania in the last few years, there has been a significant drop in the offer of marijuana on the local markets of Serbia, Montenegro and Macedonia. The reduction of the offer has resulted in the increase of the price of up to 300%, which resulted in the intensification of marijuana production in the three countries.

In order to reduce the risk from the detection and seizure of smuggled marijuana, OCGs store marijuana in border areas, and then continuously smuggle it to Western Europe in small quantities. The OCGs have mixed regional membership.

Part of the reason why OCGs that smuggle marijuana earn high profits lies in the fact that the distance between the place of origin and final destination of smuggling is shorter, which reduces transportation costs and risk from detection.

Smaller quantities of marijuana smuggled through the Central Balkan route stay in the countries to be sold on the local markets. OCGs participate both in the smuggling chain and in the distribution of marijuana on the local market. They earn big profits through

the production and smuggling of skunk and herbal marijuana, which shows that OCGs are connecting and that the distribution to Western European countries is easier. OCGs place these proceeds into legal economic flows, and their perfidy is reflected in the skillful concealment and supervision of production, which, in Serbia, takes place in rural areas, while in Macedonia and Montenegro, marijuana is mostly produced by individuals on small plots of land in rural areas for the needs of the local market.



Picture 3: *Marijuana route*

Marijuana is smuggled both across legal and illegal border crossings, the latter being possible because of arduous mountain ranges and big lakes. A specific feature of marijuana smuggling is the use of cattle loads.

The factors that affect this criminal activity are the bad economic situation and quick profits. The monolithic approach to drug trafficking is yielding way to the trafficking of several types of drugs and production of modified marijuana, skunk, which is more sensitive to market changes as a result of high demand.

FUTURE THREATS AND DEVELOPMENTS

Organized crime groups that engage in other types of crime (property crimes and smuggling of excise goods), will switch to the production and trafficking of marijuana, because of a big market demand and big proceeds.

Marijuana will continue to be easily available on local markets at a low purchase price, which will result in an increase in the number of users.

The access, through the use of modern information technologies, to expert know-how and online stores that sell the cannabis growing equipment in Europe, will result in an increase in the number of illegal laboratories for the production of marijuana under natural conditions and modified marijuana, skunk, under artificial conditions for the local market needs in Serbia, Montenegro and Macedonia.

1.4. SYNTHETIC DRUGS

The synthetic drug market is the most dynamic of all drug markets, in terms of intensity and announcements of new synthetic drugs.

Synthetic drugs produced in Western Europe continue to be seized along the Balkan route, en route to the east.

Another special problem is a rise in the online trafficking of synthetic drug.

Global nature of the issue

The production of amphetamines and ecstasy is mostly concentrated in the Netherlands, Belgium and Poland,⁶ and the global trend in the production of synthetic drugs is that the production is moving to countries with lax controls of precursors (China, India and Pakistan).

Situation in the region

The geographic position of Serbia and Macedonia defines their importance in terms of transit, because they are situated on the so-called Central Balkan route, which is also used for the smuggling of synthetic drugs and precursors, both from the West to the East (from the Netherlands, through other EU member-states), and from the East to the West (from Asia to EU member-states).

The position of Serbia and Macedonia makes it possible to keep part of the smuggled synthetic drugs and precursors on the local market, which results in their greater availability.

As a result of Montenegro's proximity to the Central Balkan route, synthetic drugs usually enter the country from the direction of Serbia. A large number of seizures of synthetic drugs and precursors in Serbia and Montenegro over the past five years indicates that the consumption of these drugs is increasing.

With the exception of Bulgaria, Serbia is the only country in the Balkans to have registered the production of amphetamines and metamphetamines, as well as an attempt to produce methaqualone (designer drug), which is a unique case in Europe. The local market in Serbia also receives synthetic drugs that are illegally produced in the country. Synthetic drugs enter Macedonia from the direction of Serbia and Bulgaria and are to be sold on the local market. New psychoactive substances (MDPV methylenedioxypropionylvaleron, 25 C-NBOMe and 25 B-NBOMe) have appeared in Montenegro and Macedonia.

Some OCGs, which produce synthetic drugs and precursors and have members with the necessary knowledge and experience in the production of these drugs, are trying to organize production abroad, whence they would distribute most of the drugs to the largest markets in Europe and Asia and a part to the local markets in Serbia, Montenegro and Macedonia.



Picture 4: *Synthetic drugs route*

A bad economic situation, the availability of cheap equipment and chemical components for the production of synthetic drugs and their low price on the local markets create favorable conditions for the production of synthetic drugs and precursors in illegal laboratories. Drugs are smuggled using couriers, secret compartments of vehicles and international dispatches.

FUTURE THREATS AND DEVELOPMENTS

The smuggling of synthetic drugs and precursors from Europe to Serbia, Montenegro and Macedonia will result in a higher number of users. OCGs will direct the production to kitchen-type laboratories, which will result in an increase of availability of synthetic drugs and precursors for the needs of the local market and directly result in low prices.

Owing to faster obtainment of raw materials and easier distribution on the international and local markets, OCGs will also focus on the production and smuggling of synthetic drugs and precursors in South-Eastern Europe and Asia.

The appearance of new, unregistered psychoactive substances may significantly change the global picture of illegal drug markets in all three countries and elsewhere in the Balkan region.

2. SMUGGLING OF HUMAN BEINGS – IRREGULAR MIGRATION

The political and socioeconomic situations in the countries of migrants' origin (the Middle East and North Africa) are the main driving forces of irregular migration, which is spreading in Western Balkan countries.

Due to their geographic positions, Macedonia and Serbia are more frequently used as transit routes for the secondary movement of irregular migration within the so-called Western Balkan route, while Montenegro has so far been less affected by this problem.

Criminal groups that organize the smuggling of human beings in one country, cooperate with groups in neighboring countries along the Western Balkan route.

The criminal activity of smuggling of irregular migrants is still topical and the intensity of smuggling changes mostly as a result of political decisions and measures undertaken in the countries of the region and the EU.

Global nature of the issue

Migration flows towards Europe have changed as a result of developments, particularly armed conflicts, in the Middle East and situation in North Africa. In 2015, Europe faced the phenomenon of mixed migrations, where economic migrants and refugees from war-affected areas in most cases travel together and mix as a result.

The fact that the migrants' identities and nationalities cannot be reliably determined additionally aggravates the situation both in the countries of destination and in the countries of transit. In 2015, the number of people attempting illegally to cross the external borders of the EU increased multifold against the previous year, and a large number of smugglers of human beings was arrested.

Situation in the region

After drug smuggling, the second most important criminal activity along the Western Balkan route is the smuggling of irregular migrants. Macedonia, Serbia, Montenegro, and other Western Balkan countries are the countries of transit, rather than of final destination for irregular migrants, as part of their secondary movement, where migrants temporarily stop on their way to EU member-states.

In 2015, the intensity of irregular migration through the Western Balkan route significantly increased compared to previous years and changes were registered in the countries of migrants' origin, the number of registered migrants, the structure of people in transit and the method of crossing of the state borders. In mid-2015, the number of migrants in transit along the Western Balkan route increased enormously, and the route was used both by economic migrants and migrants from war-affected regions.



Picture 5: **Western Balkan route**

The migrants' structure also changed – originally, more than 80% had been men, while the structure later changed and the percentage of women, children and teenagers increased.

Amendments to the legislation on asylum in some countries of the region had temporarily facilitated the situation of all migrants and reduced the opportunity for criminal action, until the countries along the Western Balkan route started to implement measures adopted on the basis of EU member-states' decisions to accept only migrants from war-affected areas of the Middle East (Iraq, Syria and Afghanistan). This resulted in the intensification of activities of the OCGs involved in the smuggling of economic migrants. Most frequently, irregular migrants who use the Western Balkan route come from Syria, Afghanistan, Iraq, Iran, Bangladesh, Libya, Pakistan, Morocco, Tunis, Algeria and Somalia.

The smuggling of human beings, as a type of organized crime that most frequently stems from irregular migration, is carried out by organized and other criminal groups that differ in sizes and capabilities. OCGs most frequently have loose network structures and specialize in certain phases of smuggling of human beings, cooperating among themselves and changing members and their roles. There is also a certain number of mixed ad hoc groups, whose members are citizens from the region, persons from the migrants' countries of origin and persons from the criminal environment – intermediates and providers of different services. The involvement of citizens of other states (Greece, Bulgaria, Albania, etc.) in the criminal activity of transport of migrants at the point of entry to the region (Macedonia) has also been registered.

OCGs use the local population in border areas for the provision of certain services (guides, drivers and other collaborators in charge of providing accommodation), engage them as necessary and frequently change them. OCGs also engage irregular migrants in certain criminal activities, particularly those who do not have enough money to cover the costs of transport, so that they can pay their debts.

Regional OCGs that operate at the international level rely on their contacts in the irregular migrants' countries of origin, in the diaspora, and in the countries of transit and destination (EU). These types of OCGs offer different services to irregular migrants, from the organization of transport and accommodation, through forged documents, to arranging the entry to the EU. OCGs that operate only at the national level are mostly in charge of receiving migrants and providing them with temporary accommodation and transport within the territory of one of the countries of the region.

Migrants most frequently give cash or use quick money transfer services to pay for the transport services. The fee charged for the transport of a migrant from Greece through Macedonia to Serbia is between EUR 300 and 1,500, depending on the method of transport, quality of accommodation and other services. The money is most frequently paid in advance in one of the big Greek cities, or, in some cases, directly to the driver of the vehicle that transports migrants, or to persons from the vehicle that leads the way.

When roads are used, migrants are mostly transported in passenger vehicles, taxis or vans to a place close to a border crossing, after which guides lead migrants away from the crossing and over the green border. Smuggler guides rarely cross the border together with migrants. Instead, they send them there alone, giving them instructions on how to reach the next arranged meeting point or advising them to use inter-city transport.

Something that makes it very difficult to detect OCGs whose members include persons from migrants' countries of origin is the fact that one can hardly find interpreters for the languages they communicate in (e.g. Urdu and Pashto).

OCGs conceal their criminal actions by using modern methods of communication and new technologies to provide instructions to irregular migrants (GPS and electronic maps), thus avoiding direct contact.

Taking advantage of the fact that economic migrants cannot legally enter and stay in the EU, OCGs earn a profit by smuggling them. Specifically, an enormous increase in the number of forged documents (mostly certificates issued by Greece) was observed while the migrants were profiled at the entry point to the region (Macedonia). According to the documents, the persons come from war-affected regions, although they are, in fact, economic migrants

FUTURE THREATS AND DEVELOPMENTS

The political, security and economic situations in the countries of origin will continue to be the main driving force of irregular migration. The Western Balkan route will remain popular in future, although irregular migration towards Bulgaria, Albania and Montenegro might gain intensity.

As a result of decisions of EU member-states situated along the route on the admission of migrants from war-affected regions, a larger number of migrants might stay in Serbia and Macedonia, or use alternative routes through Albania and Montenegro.

The activities of organized crime groups involved in the smuggling of migrants will increase as a result of EU member-states' political decisions to close their borders and to admit a small number of migrants.

OCGs may be expected to become involved in the forging of documents in order to facilitate the smuggling of people.

3. HUMAN TRAFFICKING

The number of detected cases of human trafficking as well as the number of identified and potential victims in Macedonia, Serbia and Montenegro indicate that the issue of human trafficking is in decline.

Children, teenagers and Roma represent the categories of population that run the greatest risk from human trafficking.

No OCGs involved in human trafficking have been registered, however, there is a number of individual perpetrators of this crime. Nevertheless, this issue merits special interest because of violations of fundamental human rights and freedoms.

Global nature of the issue

Human trafficking is one of the growing types of transnational crime characterized by high proceeds and low risks, as well as a high dark figure. The main driving force of human trafficking is the constant demand for sexual and labor exploitation, as well as the existing socioeconomic inequalities between the developed and developing states.

Modern information and communication technologies, i.e. misuse of the Internet and social media, are among the most important factors for this crime area. The use of physical violence for the purpose of keeping victims under control is in decline, while the use of psychological violence and so-called soft methods (emotional dependence, sharing part of the proceeds with victims, drug abuse for the purpose of controlling the victims, etc.) is on the rise.

Situation in the region

Although no OCGs involved in human trafficking have been registered in the countries of the region, a number of individual perpetrators of this crime have.

Most identified human trafficking victims in the Western Balkan region are adults, although the number of children and teenagers has been rising since 2012. In addition to the main types of exploitation (sexual and labor), there are also cases of human trafficking for the purpose of conclusion of forced marriages, begging, etc.

Victims are usually recruited from dysfunctional families, they usually live in an unfavorable social and economic position, have primary or secondary school education, and most frequently have no permanent employment. Most victims identified in Serbia are local citizens, while in Macedonia there is an equal number of Macedonian victims and victims from other countries of the region.

Irregular migrants transiting through Serbia and Macedonia (especially children, teenagers, and girls who travel with, or, more frequently, without companions) are emerging as an especially vulnerable category of persons, under a great risk of becoming human trafficking victims.

In addition to children and teenagers, another category of persons who run the risk of becoming human trafficking victims are members of the Roma population who represent a sensitive group for several reasons, and who are most frequently forced to sexual exploitation, to conclude forced marriages, to engage in begging, etc.

Prostitution and the “entertainment industry” that includes sexual exploitation, particularly in the coastal towns of Montenegro during the summer season and at hotels and restaurants in Western Macedonia and Serbia, represents a potential risk and fertile soil for new human trafficking offenses.

FUTURE THREATS AND DEVELOPMENTS

In the next period, irregular migrants transiting through Serbia and Macedonia (especially children and teenagers, and girls who travel with, or, more frequently, without companions) can be expected to experience a greater risk of becoming human trafficking victims.

Citizens of the countries in the region who are staying in the EU and whose status is not regulated, may become human trafficking victims in EU member-states, and be forced to any type of exploitation.

The internal human trafficking in the observed countries will continue to depend directly on the socioeconomic position of potential victims, and its level is expected to remain low, like before.

4. OFFENSES AGAINST PROPERTY

Offenses against property constitute a serious threat to the personal safety of citizens and the safety of their assets, because of a large number of crimes of this type, size of the financial damage and the method of commission.

The number of serious offenses against property has increased, resulting in greater financial damage, greater proceeds of crime and organized commission of these crimes against certain targeted facilities or especially sensitive categories of injured parties.

The dark figure of loansharking is high in the countries of the region, so that the registered number does not reflect the real size of this criminal activity.

Serbia, Montenegro and Macedonia are both transit and destination areas for motor vehicles, and construction and utility machines stolen mostly in Western European countries and countries of the region.

Criminal groups and OCGs primarily involved in offenses against property also engage in other, more profitable crime areas.

Global nature of the issue

Offenses against property account for more than one-half of all crimes. From year to year, the trends of growth or reduction in the number of these offenses vary from one state to another. According to Europol estimates, one offense against property is committed each 1.5 minutes, while some countries grapple with more than 1,000 offenses against property per day.

In EU member-states, these criminal activities are mostly committed by mobile OCGs, which, after completing a series of crimes in one area, move to other regions, thus avoiding detection. The activity of Western Balkan OCGs has been registered in EU member-states.

Situation in the region

Countries of the region pay special attention to offenses against property because they represent a serious threat to the personal safety of citizens and the safety of their assets, not only because of their number and the size of financial damage or proceeds of crime, but also because of a marked element of violence used in the commission of some types of this offense.

The number of offenses against property has lately dropped slightly and stands in proportion with the size of a city and density of its population as well as the infrastructure on which the targets of the attack and *modi operandi* depend.

Another prominent feature of these offenses is that individual perpetrators and criminal groups most frequently commit them locally, in series, and that the groups separate after the commission and distribution of spoils. They spend the proceeds of crime on their personal needs or use them for the commission of other offenses.

Perpetrators are very frequently connected by their common criminal past or financial interests. Rather than committing only offenses against property, they also commit other crimes, most frequently related to the smuggling of drugs.

It has been registered that citizens of the countries in the region commit offenses against property in the territories of Serbia, Montenegro and Macedonia, both individually and in cooperation with local nationals, using different favorable circumstances, such as family and other ties and proximity of the border. The linking of perpetrators within OCGs made up of mixed nationalities which operate in EU member-states has also been registered. These groups mostly attack shops that sell luxurious goods, such as watches, jewelry and gold.

In addition to the absence or inadequacy of physical and technical protection of targeted facilities, factors that also facilitate the commission of offenses against property are the economic and social crisis, connections with persons from the criminal environment and OCG members, as well as stable and strong family ties in the area of commission. The general crime prevention in this field is ineffective, in most cases because of the lenient sentencing policy, which is evident from a large number of recidivists and special recidivists who perpetrate these offenses.

4.1. AGGRAVATED LARCENY AND ROBBERY

The perpetrators of the largest number of aggravated larcenies and robberies are individuals, frequently recidivists or specialized recidivists. The perpetrators also include drug addicts who mostly commit these crimes at retail facilities and pharmacies, as well as in residential buildings, taking advantage of the situation. In the territories of Serbia and Macedonia, ad hoc mobile OCGs have been registered, which have logistic support in the territory of commission.

Perpetrators also hire specialists for the commission of certain types of this crime, where the target requires special skills or special tools and other equipment for overcoming obstacles. In most cases, tools and special equipment are obtained abroad; however, hand-made or modified tools and physical force are also used in the commission.

The most frequent targets are the so-called tipped-off residential buildings, houses in rural areas and suburbs inhabited only by old people, and business premises in places with less traffic or premises with inadequate protection systems.

4.2. MOTOR VEHICLES

The number of motor vehicle-related crimes in Serbia, Montenegro and Macedonia has reduced, while the number of thefts of very expensive cars, mostly of foreign makes, has increased. This criminal activity is also related to other crimes (drug smuggling, fraud, embezzlement, money laundering, forging, etc.), and can be committed also with the aim

of committing other crimes. An increase in the number of stolen motor vehicles with foreign registration plates during the tourist season has been observed in Montenegro.

In most cases, Serbia, Montenegro and Macedonia are the areas of destination and transit for vehicles, and construction and utility machines stolen mostly in Western European countries and countries of the region. Motor vehicles stolen in European countries are smuggled to the countries of the region, although the opposite cases have also been registered, depending on the demand and offer. In a small number of cases, stolen vehicles are sold in the region, while some are disassembled in order to be sold in parts. Cases of exchange of stolen vehicles for drugs have also been registered.

Criminal groups that operate internationally are mobile and mostly operate like networks. They specialize in and steal only certain types of vehicles, and have very good connections with other groups in the region. Activities related to the commission of this offense are clearly divided and distributed among group members.

4.3. LOANSHARKING

A high dark figure is prominent in all three states, and, therefore, the number of registered loansharking crimes does not reflect the real size of the issue. Acting out of fear that loan sharks might carry out their threats, injured parties themselves sometimes commit other crimes for the loan sharks, in order to get the money they need for the repayment of the debt.

Perpetrators frequently ask injured parties to give their real estate and movables as collateral and conclude fictitious purchase contracts, using notaries or lawyers for this purpose, registering their ownership of the taken assets, in order make things appear legal.

Loansharking has been recognized as one of the growing issues in Montenegro and Serbia, where these crimes are committed by criminal groups and persons who primarily engage in other types of crime, as well as individuals who have already earned proceeds from the commission of other crimes and are increasing it through loansharking. This enables them to invest in new criminal activities.

No OCGs involved in loansharking as their primary activity have been registered; however, so-called organized loansharking, where groups of individuals join funds in order to engage in loansharking, is on the rise.

FUTURE THREATS AND DEVELOPMENTS

Although the total number of offenses against property is expected to drop, this type of crime will, nevertheless, remain more widespread than others.

Perpetrators from the territories of Serbia, Montenegro and Macedonia will continue their criminal activities abroad, primarily in Central and Western Europe.

The number of aggravated offenses against property is expected to increase, primarily those where financial damage is greater and modi operandi are the same or similar, depending on the type of premises.

In view of the established channels for concealment and smuggling, easy sale of objects stolen in the commission of offenses against property, continuous offer and demand as well as quick and easy proceeds, the number of criminal groups and OCGs which will engage in offenses against property, in addition to other offenses, is expected to increase.

Serbia, Montenegro and Macedonia will remain transit areas, as well as the countries of destination for vehicles stolen in European countries.

5. ECONOMIC CRIME

5.1. SMUGGLING OF TOBACCO PRODUCTS

The smuggling of tobacco and tobacco products is the most frequent type of smuggling of excise goods. It represents a special challenge faced by most countries in the region. Big differences between the prices of tobacco products in Serbia, Montenegro and Macedonia and those in Western and Central European countries, as well as the evasion of excise duties, taxes and customs duties help the perpetrators of these crimes to earn proceeds.

The offer and demand on the market, high taxes on these products, lack of coordination of fiscal policies of the countries in the region and differences between their prices in the region and in EU member-states are conducive to the development of this type of crime.

Also, different socioeconomic factors, including a lower purchase power of the population, result in a greater demand for alternative, or illegal and therefore cheaper products.

Global nature of the issue

According to the assessments from 84 countries across the world, illicit trade in cigarettes accounts for 11.6% of total global consumption that equals 657 billion cigarettes a year. The global tax revenue loss from cigarette smuggling ranges between USD 40 and 50 billion a year. Tax revenue losses in the EU were estimated at around EUR 12.5 billion in 2012⁷.

Situation in the region

Different types of goods are smuggled in the region, but the most widespread type of smuggling is that of tobacco and tobacco products. This criminal activity causes significant losses in the states' budgets as a result of a loss of revenues from excise duties, taxes and customs duties. Another favorable condition for this criminal activity is the traditional production of tobacco and tobacco products, which holds a significant place in the industrial production of Western Balkan countries. The illicit production, smuggling and sale of cut tobacco, aimed at satisfying the needs of the three countries' illegal markets, has been registered in these countries in the previous period.

The geographic position of the three countries on the Balkan Peninsula and on the major roads that connect Asia and Europe, defines them as a transit area for the smuggling of tobacco products to the illegal markets of the countries in the region and Western and Central European countries. A smaller quantity of smuggled tobacco products is also distributed to the illegal markets in Serbia, Montenegro and Macedonia.

As a result of different socioeconomic factors, Serbia and Montenegro experienced an increase, and Macedonia a decline in this criminal activity in the past two years.

In the majority of cases, temporarily associated individuals, rather than OCGs, are involved in the smuggling of cigarettes, and they earn significant profits through the evasion of taxes, and excise and customs duties on the goods.

According to the available information, all Balkan criminal groups which operate in Western and Central Europe and which have a developed network of consumers in EU member-states are involved in the smuggling of cigarettes.

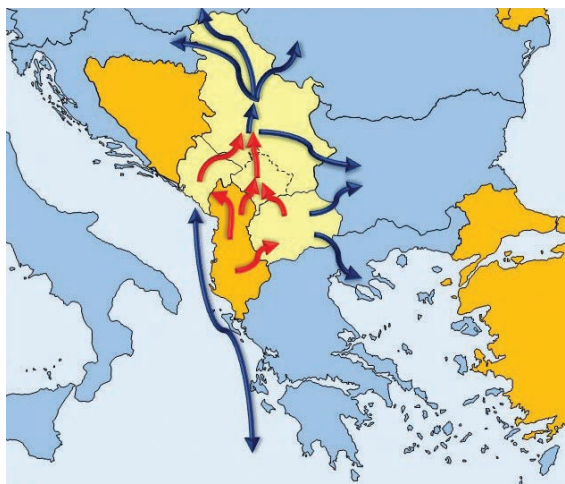
Cigarettes are smuggled through the so-called Balkan route of smuggling, as follows:

- Legally purchased cigarettes are smuggled from Macedonia to Bulgaria. Illegally produced cigarettes are smuggled from Albania to Macedonia and onward to Bulgaria and Greece. There have also been cases of cigarette smuggling from Bulgaria to Macedonia, then onward to Kosovo and then back to Bulgaria, where fictitious documents claim that the goods are to be sold in the territory of Kosovo.
- Cigarettes are illegally shipped to Montenegro from Albania using maritime routes to the Port of Bar, or from the territory of Kosovo, only to return to Serbia or be transported to Bosnia-Herzegovina through illegal smuggling channels, with the final destination in Western and Central Europe. It has also been observed that cigarettes, which have been legally produced in Montenegro, are smuggled by maritime routes through the Port of Bar to Greece and, in individual cases, to Italy.
- Cigarettes which have arrived to Serbia through illegal smuggling channels or which have been bought legally in the country are smuggled to Bulgaria, Romania, Hungary and Croatia, as the countries of final destination, or to Western and Central Europe, where the prices of cigarettes are many times higher. Smuggled cigarettes either have the excise stamps of Serbia or countries of the region, or no excise stamps at all.

Observing the smuggling routes, we can conclude that illegally produced cigarettes enter the three Balkan states from the direction of Kosovo and Albania, and are then smuggled to Western, Central and South-Eastern Europe.

The routes used for the illegal transport of tobacco products are very well developed and are also used for the smuggling of narcotics, firearms and irregular migrants⁸.

The appearance of the so-called illicit or cheap white cigarettes has been registered in Serbia and Montenegro. They are mostly produced in the Middle East and Asia, and shipped to Adriatic ports, whence they are smuggled from the direction of Montenegro and Kosovo, to Western European countries.



Picture 6: *Smuggling routes*

Smugglers most frequently conceal goods in special compartments in freight vehicles, vans, passenger vehicles, buses and trains on regular lines, as well as ships. There have been cases in Macedonia where individuals cross the state border taping negligible quantities of cigarettes around the body in order to smuggle them, and cases of the so-called ant smuggling, where the same persons cross the state border several times a day, carrying the permitted, small quantities of cigarettes. Large quantities of cigarettes are smuggled through alternative routes, across the green border.

Within one of the smuggling *modi operandi*, companies registered in off shore zones order legally produced cigarettes and, using documents which falsely represent that the cigarettes are to be exported to countries in which trade is difficult to control and which are not the real final destinations, smuggle the cigarettes to the EU instead.

FUTURE THREATS AND DEVELOPMENTS

Serbia, Montenegro and Macedonia will remain the countries of origin, transit and destination in the smuggling of tobacco products.

The smugglers' *modi operandi*, types of smuggled goods and their routes will depend on the further harmonization of the fiscal policies of countries in the region as well as on their social and economic climates.

The international cooperation of competent state authorities and timely exchange of intelligence and other data as well as the establishment of joint investigative teams will help reduce the size of this criminal activity.

5.2. CRIMES AGAINST ECONOMY – TAX EVASION

Tax evasion causes big losses to the state budget and, in most cases, this crime is committed by individuals, rather than organized crime groups.

Within the most frequent *modi operandi*, perpetrators do not file tax returns at all, file tax returns containing untruthful data that serve as the basis for a tax refund or tax credit, do not report the real income, or use false invoices.

Situation in the region

As a specific type of crime, economic crime, in which tax offenses have a significant share, is present in Serbia, Montenegro and Macedonia. Tax evasion, as the most frequent crime of this type, results in losses in public revenues, emergence of the grey economy and creation of unfair competition on the market, while the perpetrators of these crimes earn significant proceeds and gain financial power which they use in order to invest in other criminal activities. Most of these offenses are committed by individuals. Perpetrators constantly adapt to legal regulations of the countries in the region and their amendments.

In most cases, the perpetrators of tax offenses either do not file tax returns at all, or file VAT returns with untruthful data; they also forge documents used in the trade in goods and services with the aim of avoiding the payment of taxes or presenting an unfounded tax refund or tax credit claim, do not declare the real income or use false invoices which most frequently do not correspond with the actual trade in goods and services. It has also been observed that some companies pay their employees in cash without calculating or paying taxes to the state.

According to statistics, tax evasion resulted in a loss of about EUR 120 million in the Serbian public revenues between January 1, 2013 and March 1, 2015, and of about EUR 30 million in the Macedonian public revenues between January 1, 2013 and September 1, 2015.

In the majority of cases, tax evasion goes together with other financial offenses, payment operation offenses, offenses against the economy, forging and destruction of business documents, as well as the abuse of authority and office. A low financial and economic power of taxpayers and weaknesses in the taxpayer control are also conducive to this type of criminal activity.

FUTURE THREATS AND DEVELOPMENTS

Criminal activities in the economic and financial sectors will depend on the further improvement of the normative framework, which will help combat criminal offenses in this field more efficiently.

In the next period, individual perpetrators will continue to commit crimes at the national level, while more complex investigations in this crime area may result in the appearance of new *modi operandi*, primarily at the regional level.

6. CYBERCRIME

Closed Internet forums represent the main source of electronic information on payment cards and the main form of exchange of unlawfully obtained data. Perpetrators are becoming more and more sophisticated in their activities.

The property damage resulting from online frauds jeopardizes the stability of the financial market, where citizens and SMEs are especially threatened.

An increase in the number of CaaS⁹ and Internet forums used for criminal purposes makes sophisticated techniques and software tools for attacks at computer networks and systems more available to criminal groups and individual perpetrators.

Great accessibility and use of social media by children and teenagers in the region represents a big risk and results in an increase in the number of victims of sexual exploitation.

Perpetrators collect and use mostly for personal needs the materials created through the sexual exploitation of children and teenagers, or exchange them uncommercially, i.e. free of charge.

Global nature of the issue

The development of modern technologies and their increasing accessibility in all spheres of the society results in an increase in the number of cybercrime offenses. The trends concerning this type of crime in the region mostly match the global trends.

Cybercrime causes the greatest damage to national economies and individuals, both in terms of property damage and in terms of violation of fundamental human rights, particularly in the case of children and teenagers as the most sensitive categories of the population.

Situation in the region

The regional character of some types of cybercrime results from the specific features of the South-Eastern European region, particularly Western Balkans, where connections are established based on the similarities among languages, cultures, ethnic backgrounds, and family and friendly ties. This has resulted in the establishment of some Internet services of regional influence and enabled abuse through collaboration and use of the same mod operandi in the misuse of the Internet.

Perpetrators are mostly young men with no criminal background and with special technical and technological know-how, while organized groups mostly engage in the violation of computer data security.

9 Crime-as-a-Service (CaaS) – a business model which facilitates the access to products and services to unqualified perpetrators in launching attacks in the online environment which are not proportional to their capabilities, risk and profit from the undertaken activity.

A high victimization risk results from insufficient awareness of the necessary measures of protection and actions necessary for the appropriate functioning of the system. The risk has increased with the use of smart phones, and particularly through combined attacks using technical methods and social engineering.

An additional obstacle in the detection and proving of crimes lies in the fact that perpetrators can commit crimes at different locations in real time, as a result of insufficient harmonization of legislation at the international level.

The danger which these offenses pose to the society does not correspond with the degree of organization of their perpetrators because of the specific *modi operandi* and the level and type of damage that can be created by individual perpetrators on their own.

6.1. PAYMENT CARD FRAUD

Although there is a large number of new methods of payment, the number of payment card users is growing. Perpetrators get information on payment card owners either through the so-called ATM or POS terminal skimming, where they plant devices which unobservedly copy data and then use closed forums for the exchange of payment card data, or by phishing¹⁰. Compromised payment card data exchanged on the forums mostly belong to EU and US citizens.

The number of cases of data theft and payment card abuse on ATMs is in decline in Serbia and Macedonia. Individual cases have been registered in coastal towns of Montenegro during the tourist season in the summer.

Citizens of neighboring countries visit the countries of the region and use forged payment cards and IDs to buy expensive goods which can easily be carried across the border.

The online payment card abuse is mostly committed by young persons who use the obtained data for the purchase of goods at online stores and auction websites.

Criminal groups from the region are becoming increasingly sophisticated in their actions and are connecting with foreign criminal groups. Their activities are concentrated on the European Union and the United States.

6.2. ONLINE FRAUD

As a result of opportunities provided by the Internet, classical frauds, which were mostly carried out in direct or telephone contacts, have been replaced by new types of crime.

10 Impersonation for the purpose of getting personal, financial and other confidential data.

Online frauds take place at auction websites and online stores, where goods are ordered but never delivered. Takeovers of business communications between company representatives from the region and business partners mostly from Asia, Africa and Latin America have also been registered. In both cases, perpetrators abuse the victims' trust and defraud both physical persons and business representatives.

Perpetrators abuse data obtained by identity theft, impersonating legitimate business users. The effects of abuse lie in the financial damage caused both to the company, as the injured party, and the business partner whose identity was abused.

Identity theft through phishing represents the unlawful obtaining of personal and financial data. Specially created e-mails and copies of websites of banks and other financial institutions are most frequently used for this purpose.

Online frauds in the region are mostly carried out by well-organized foreign groups that use methods of social engineering.¹¹

6.3. ATTACKS AT COMPUTER NETWORKS AND SYSTEMS

Attacks at computer networks and systems mostly refer to the encryption of computer content through the use of viruses, Web Defacement¹² and DDOS¹³ attacks against physical and legal persons, as well as against state authorities. These attacks result in financial damage and impede the normal operation of companies and financial systems.

Computer content is encrypted by computer viruses that lock data, and, in order to unlock the data, perpetrators request money, frequently in the form of digital currency (Bitcoin).¹⁴

Web Defacement is carried out mostly by individuals for their own personal promotion, promotion of their stands, dissemination of different ideas, or through the posting of multimedia content (text, image, video).

These crimes are mostly the work of individual, young perpetrators who, most frequently using Internet services and forums, exchange knowledge, tools and experience necessary for the commission of crimes.

11 Type of fraud through which people are made to disclose confidential information about themselves.

12 Computer attack changing the visual identity of a website or a webpage.

13 Distributed Denial of Service – a method in which criminals (hackers) send millions of queries to a server, which cannot respond and therefore breaks down.

14 Digital currency that can be used to carry out financial transactions without the intervention of a financial institution.

6.4. SEXUAL EXPLOITATION OF CHILDREN AND TEENAGERS ON THE INTERNET

The photographic and video materials presenting the sexual exploitation of children and teenagers on the Internet are created abroad. The perpetrators of this crime mostly use P2P networking for the exchange of materials in which children and teenagers are abused for pornographic purposes, and upload pornographic materials to video channels or social media. A special cause for concern is that some contents involve children of up to three years of age, and sometimes even violence.

A constant development of modern technologies facilitates the production and distribution of such contents, poses a serious threat to children and teenagers and results in serious consequences.

FUTURE THREATS AND DEVELOPMENTS
The number of ATM data thefts is expected to reduce in the coming period.
Criminal groups from the region will reinforce their connections and their focus on foreign countries will increase.
The use of new methods of protected communication by perpetrators will make the work of law enforcement more difficult.
Online frauds will become more and more sophisticated and the number of offenses will increase.
As a result of the increase in the number of registered attacks at computer networks and systems, the consequences suffered by the state and private sectors will become more and more serious.
Further development of modern technologies, such as cloud computing ¹⁵ and other services will add complexity to the work of the law enforcement authorities.
The trend will continue of social engineering and concealment of the identities of the perpetrators of these crimes, particularly at social media and other services used by children and teenagers.

15 Storage, processing and use of data kept at distant computers that can be accessed through the Internet.

7. ORGANIZED CRIME GROUPS

MAIN CONCLUSIONS

Some organized crime groups in the region are restructuring and setting up small, mutually opposed groups that continue engaging in criminal activities.

This restructuring represents both a cause and a threat that most frequently results in the intensification of existing conflicts.

Serious and organized crime represents one of the biggest threats and challenges for competent law enforcement authorities in Serbia, Montenegro and Macedonia, which calls for strong regional and inter-departmental cooperation, as an important precondition for a successful fight against organized crime. Serbia, Montenegro and Macedonia have nearly identical strategic and legal regulations on organized crime within their national legislations.

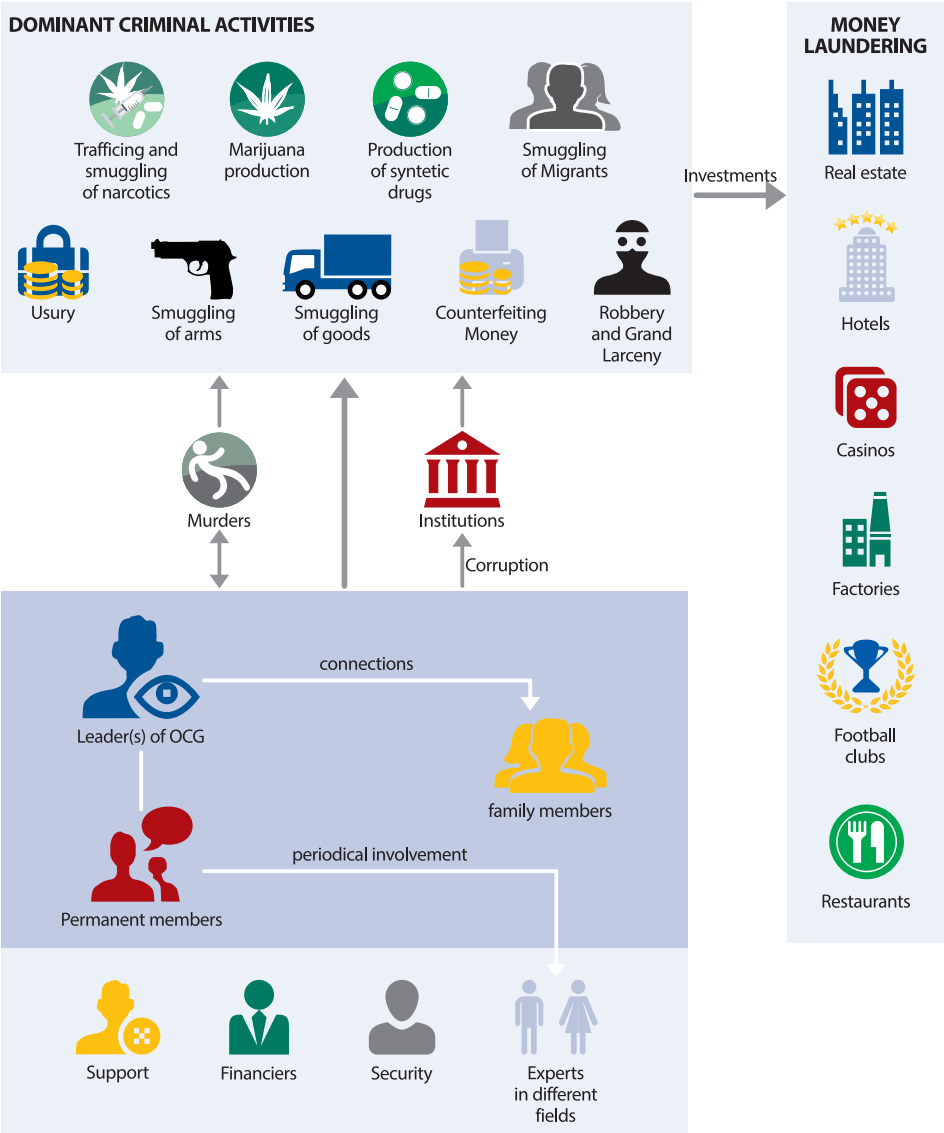
These types of crime are very complex, primarily because of their prominent international character, and their perpetrators, who come from different states, regions and parts of the world, are more and more associated, which means that the fight against organized crime cannot be limited only to national frameworks. This is why the collection of evidence needed for the prosecution of OCGs that commit these types of criminal offenses and the forfeiture of their assets is a very complex task.

One of the main favorable factors for the development of international forms of organized crime is the geographic position of this region on the crossroads between Western Europe, and the Middle and Far East. The region can be observed both as a transit and a destination area. It also represents the area of origin of some property and violent crimes, production of some narcotics and goods that are smuggled to and sold on other markets.

The prevailing criminal activity of OCGs from Serbia, Montenegro and Macedonia at the regional and international levels is the smuggling, trafficking (cocaine, heroin) and production of different types of drugs (marijuana and synthetic drugs) for the local market and the markets of destination countries. Some OCGs focus on areas outside the Balkan region in the commission of their main criminal activities, which particularly refers to the smuggling and distribution of cocaine, heroin and marijuana.

Some OCGs engage in criminal activities such as: offenses against property, irregular migration, smuggling of excise and other goods, smuggling and distribution of forged currency, loansharking, money laundering and violent crimes.

OCGs have a clear hierarchical structure. These are homogenous groups which most frequently have a strong, long-standing core made up of key individuals surrounded by a smaller number of permanent members. What connects OCGs from these states and facilitates their cooperation are their ethnical backgrounds, friendly and family ties, absence of language barriers, and, most frequently, shared criminal past.



One of the common characteristics of OCG members is that they resort to identity changes and use of forged documents in order to facilitate their movement and commission of crimes in other countries, and they also use the benefits of dual citizenships.

Another typical feature of OCG activity is the occasional engagement of persons who do not have criminal backgrounds primarily for logistic purposes, and because of their expertise. In order to exchange information more safely, OCGs use sophisticated means of communication and, at an increasing frequency, direct communication and transfer of messages by couriers.

Some OCGs from Serbia and Montenegro use a high degree of violence in joint criminal activities (murder, kidnapping, extortion, etc.), and intimidate their members for the purpose of maintaining control and internal discipline, while OCGs from Macedonia use less violent methods in isolated cases.

It is evident that some OCGs in the region are restructuring and forming smaller, mutually opposed groups that continue engaging in criminal activities. This restructuring represents both a cause and a threat that most frequently results in the intensification of existing conflicts.

OCGs use corruption with the aim of facilitating criminal activities, focusing mostly on individuals from different structures of the society. Corruption is not used only to obtain illegal proceeds, but also as an effective tool for the protection from criminal prosecution.

After increasing their financial power, regional OCGs that operate at the international level tend and need to place their illegal proceeds into legal flows. Money is most frequently invested in the areas where fresh capital is needed and where the protective measures of identification and prevention of suspicious transactions are the laxest. The most popular areas for the investment of such money in all three countries are the real estate markets, off shore investments, establishment of shell companies and business activities. The real estate and capital obtained in this way is usually not registered in the name of the real owner, but in the names of other persons, such as family members or close friends.

CONCLUSION

Each state strives to ensure freedom, security and justice for its citizens and threat assessments represent one of the main ways in which states are trying to preserve their internal security, and ensure the development of democratic institutions and the rule of law. The regional Serious and Organized Crime Threat Assessment indicates that we are now facing organized and serious crime which constantly develops new formats, which primarily depends from global changes, technological progress and social development.

Because of their efforts to join the EU as soon as possible, for which purpose Serbia, Montenegro and Macedonia need to have a stable security situation, it is in these countries' interest to ensure a stable security situation, in cooperation with international subjects, and primarily through mutual cooperation, which will ensure good conditions for further progress and EU integration. The countries of the region have set their priorities reflected in a number of complex activities and intensive efforts, where an efficient fight against organized crime, as one of the main conditions for EU accession, represents the main priority.

In view of their geostrategic position and the global nature of the issue they are facing, the countries of the region are strategically oriented towards stronger regional and international cooperation in the fight against serious and organized crime, primarily because of prominent regional and international dimensions of some types of serious and organized crime, to which this Threat Assessment is also pointing.

That the states of the region are strategically focused on strengthening the regional and international cooperation can be seen from the fact that most threats identified in the Regional Threat Assessment have also been recognized in the European Security Agenda (2015-2020). This is especially important if one bears in mind the fact that the Agenda is showing the direction in which European standards and practices will develop and that it has been adopted in the light of the fact that security threats evolved over the past few years, particularly as a result of developments in the Middle East.

Further promotion of cooperation among law enforcement authorities in the region calls for a more intensive implementation of international investigative tools, i.e. a more frequent establishment of joint investigative teams that would investigate criminal offenses that have elements of organization, as well as the development of police action on the basis of intelligence data as a prerequisite for a proactive approach. Organized crime can also be suppressed more efficiently through the use of all possible mechanisms of cooperation among the countries of the region, starting from conferences and round tables, to activities within the membership of regional and international associations, because

the exchange of experience, knowledge, and best practices on the new types of threats, methods and tools represent the key to successful cooperation. In addition to this and in view of the efforts of these states to become full-fledged EU members, there is a need to continue harmonizing the legal framework with the regulations and standards in the developed EU member-states.

Since the identified threats do not recognize state borders, their suppression calls for coordinated efforts by all players, which is very important since many security risks come from non-EU member-states and do not belong to South-Eastern Europe. For that reason, cooperation between the EU member-states and agencies, on the one side, and police forces and other law enforcement authorities of the countries of the region, on the other, has to be reinforced in order to create a safe space in the entire region and therefore also the EU.